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(Original Signature of Member)

111TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to encourage investment in certain industries by providing an exclusion from tax on certain gains.

IN THE HOUSE OF REPRESENTATIVES

Mr. POLIS of Colorado introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to encourage investment in certain industries by providing an exclusion from tax on certain gains.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Enterprise Sector In-
5 vestment Opportunity Act of 2009”.

1 **SEC. 2. EXCLUSION OF CAPITAL GAINS ON INVESTMENTS**
2 **IN CERTAIN INDUSTRIES.**

3 (a) IN GENERAL.—Part III of subchapter B of chap-
4 ter 1 of the Internal Revenue Code of 1986 is amended
5 by inserting after section 139C the following new section:

6 **“SEC. 139D. CAPITAL GAINS ON INVESTMENTS IN CERTAIN**
7 **INDUSTRIES.**

8 “(a) IN GENERAL.—Gross income shall not include
9 gain from the sale of qualified investment property if—

10 “(1) such property is acquired during the 18-
11 month period beginning on the date of the enact-
12 ment of this section, and

13 “(2) such property is held for more than 2
14 years.

15 “(b) QUALIFIED INVESTMENT PROPERTY.—For pur-
16 poses of this section—

17 “(1) IN GENERAL.—The term ‘qualified invest-
18 ment property’ means any—

19 “(A) stock in a specified domestic corpora-
20 tion acquired by the taxpayer at its original
21 issue, and

22 “(B) any capital or profits interest in a
23 specified domestic partnership acquired by the
24 taxpayer from the partnership.

25 “(2) SPECIFIED CORPORATIONS AND PARTNER-
26 SHIPS.—

1 “(A) IN GENERAL.—A corporation or part-
2 nership shall be treated as specified for pur-
3 poses of paragraph (1) if such corporation or
4 partnership is a financial institution or an auto-
5 motive company.

6 “(B) FINANCIAL INSTITUTION.—The term
7 ‘financial institution’ means any institution, in-
8 cluding, but not limited to, any bank, savings
9 association, credit union, security broker or
10 dealer, or insurance company, established and
11 regulated under the laws of the United States
12 or any State, territory, or possession of the
13 United States, the District of Columbia, Com-
14 monwealth of Puerto Rico, Commonwealth of
15 Northern Mariana Islands, Guam, American
16 Samoa, or the United States Virgin Islands,
17 and having significant operations in the United
18 States, but excluding any central bank of, or in-
19 stitution owned by, a foreign government.

20 “(C) AUTOMOTIVE COMPANY.—The term
21 ‘automotive company’ means any person the
22 majority of the gross receipts of which are de-
23 rived from the research, design, production, or
24 sale of personal or mass transportation vehicles
25 or components for such vehicles.

1 “(c) INELIGIBILITY FOR TARP ASSISTANCE.—In
2 any corporation or partnership issues stock or any capital
3 or profits interest during the 18-month period beginning
4 on the date of the enactment of this section which results
5 in the aggregate fair market value of all such stock and
6 interests (determined, in each case, as of the date of
7 issuance) issued by such corporation or partnership during
8 such period to equal or exceed \$500,000, such corporation
9 or partnership shall not be eligible to receive any assist-
10 ance under title I of the Emergency Economic Stabiliza-
11 tion Act of 2008 after the date of such issuance.”.

12 (b) CLERICAL AMENDMENT.—The table of sections
13 for part III of subchapter B of chapter 1 of such Code
14 is amended by inserting after the item relating to section
15 139C the following new item:

“Sec. 139D. Capital gains on investments in certain industries.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to property acquired after the date
18 of the enactment of this section.